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SUBJECT: FARM SUBSIDIES; LATIN AMERICAN POLITICAL SCENARIO; CHAVEZ;
MORALES; CORREA; 01/17/07

1. SUMMARY STATEMENT

Today's leading international opinion pieces include farm subsidies in wealthy countries; the political "patchwork" in Latin America; the economic and political implications of Venezuela's Hugo Chavez' announced changes; the reasons for clashes in Bolivia; and expectations over the administration of Rafael Correa.

2. OPINION PIECES

- "The unfair (farm) subsidies of wealthy countries"

Daily-of-record "La Nacion" carries an op-ed story by Andres Fescina, national legislator from the Federal Political Party, who writes (01/17) "The US, the EU, Japan and other countries have been granting farm subsidies for decades. Currently, those farm subsidies amount to almost 400 billion dollars per year.

"As is well-known, this protectionist trade policy results in unfair losses for our farmers and our country accounting for about seven to ten million dollars per year.

"... The issue is not only economic but also an unjustifiable contradiction of protectionist countries, which constantly claim commercial freedom while such contradiction has been almost obediently accepted for decades.

"... When 400 billion dollars are granted to sustain artificial production compared to those from other countries that are international competitors in terms of quality and cost, an economic system is created that unfairly impoverishes raw material-producing countries like ours..."

- "Three trends in the region"

Daily-of-record "La Nacion" carries an opinion piece by Rosendo Fraga, head of "Centro de Estudios Union para la Nueva Mayoria", who writes (01/17) "Ecuador's shift after Rafael Correa's assuming of office should be considered in the wider context of the twelve presidential elections carried out in Latin America between November 2005 and December 2006. 85 percent of Latin American people elected their president, thereby defining the political profile of the region for the second half of the decade.

"Three well-defined political trends have been established - the social-Democratic or moderate left wing: through the election of Bachelet in Chile and Lula's re-election in Brazil, plus Uruguay; the center-right wing: with the election of Calderon in Mexico, Uribe's re-election in Colombia and the victory of Alan Garcia in Peru and finally: the populist left wing, self-titled Bolivarian Alliance, which is made up of Cuba, Venezuela, and reinforced by the

victories of Morales in Bolivia, Ortega in Nicaragua and Correa in Ecuador.

"While the third trend has made some progress, we should also notice that none of the five largest constituencies of the region (Brazil, Mexico, Colombia, Argentina and Peru), which account for four-fifths of the (Latin American) people, is included.

"Within this context, Correa has two clear points of agreement with Chavez - the anti-US feeling and the status of his country as an oil country. Based on anti-US feeling, he could end up closing Washington's military base in Manta... With respect to Ecuador's oil-producing status, Correa could join Venezuela's claim that OPEC reduce its production and, thereby, prevent ongoing slide in oil prices ...

"... One should recall that Ecuador is the Latin American country which has found it most difficult to allow a president to finish his term of office over the last 20 years...

"Populist-leftist candidates that have won last year's elections typically fulfill or try to fulfill their campaign promises, breaking the rule that goes: 'one wins elections as a leftist but rules as a rightist.' Correa is an example of a president that won elections with a rhetoric that he will try to honor."

- "The two Bolivias"

Daily-of-record "La Nacion" carries an op-ed story by writer Alicia Dujovne Ortiz, who writes (01/17) "... The Bolivian situation with regard to the threat of separation from the fortunate ones with gas, woods and fertile lands is terribly sad. Bolivia is a country made up of some of the most disadvantaged people in the world and the privileged, who want to get rid of the other group. Recent clashes in Cochabamba reveal the nature of the conflict - on the one hand, middle-class youth, whose white-skinned pride is hurt, support a

rightist mayor..., and, on the other hand, dark-skinned coca farmers who protect their bread.

"The Morales administration's drastic decisions differ from those made by Chavez due to their urgent nature. They are not gestures but need..."

13. EDITORIALS

- "Hugo Chavez's third term in office"

Leading "Clarín" editorializes (01/17) "Venezuelan President Hugo Chavez has started his third term of office with bombastic announcements and a strong nationalistic tone. Chavez reiterated the idea of a re-foundation of Venezuela reinforcing some personal traits such as his purpose of including unlimited re-election.

"... For his third term, Chavez announced he will strengthen the institutional changes he introduced during his first term in office, which he defined as the 'Socialism of the 21st century.' However, his definitions, aimed at polarizing positions in and outside Venezuela, should not shift the attention from the political and economic development of both Venezuela and the region.

"The nationalization of utility and telecommunications corporations poses a management model that has given good results so far and that does not displace private investment but makes it partner with the State. Regarding his announced constitutional reform including unlimited re-election, it is clear that, while maintaining his presidency's initial democratic nature, (this reform) diverts from the modern democratic presidential system and add itself to the list of attacks on liberties and pluralism. This is not the road taken by the other Latin American countries and we hope this does not mean that Venezuela will distance itself from a regional direction of recovery, growth, democracy and development."

- "Correa's shift"

An editorial in liberal, English-language "Buenos Aires Herald" reads (01/17) "The political patchwork of Latin America is changing again with the installation of Rafael Correa, the economist who

promises a 'radical revolution' in Ecuador. In one week, the historic figure of Daniel Ortega returned to government in Managua after 17 years, followed by Correa. Both have attached considerable importance to their anti-Washington discourse, although Ortega abandoned the harsher language after he had won the elections. This moderation, probably the product of the experience of the eighties, was rewarded by the State Department with a strong delegation to the inauguration in Nicaragua. Correa, on the other hand, has sustained his critical line towards George W. Bush, and also announced that he will stop the air force base facility used by the US against the drug traffic. Whatever Correa's presidential policies now, much will depend on how he manages his relationship with Congress, which he has chosen to reject...

"Whatever Correa's luck he is pinning a considerable measure of his hopes on the call for regional integration, an anti-US line proposed and partly financed by Venezuela's Hugo Chavez and supported by Bolivia's Evo Morales. The integration they propose is, at present, more a political alliance than an economic development program. Much will depend on how the new Ecuadorian leader manages government during the early weeks of his mandate...

"Whether or not Correa will be able to make his revolution, along the lines of Chavez's socialist ambitions, it will be interesting to watch as the hemisphere continues its shift away from the market economies that were fashionable in the nineties."

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